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Other Agencies

THE NATIONAL FARM PROGRAM

Facts About Action Agencies

Agricultural Adjustment Administration

Farm Security Administration

Rural Electrification Administration

Surplus Marketing Administration

Soil Conservation Service

Farm Credit Administration

Prepared by the

Division of Information

Agricultural Adjustment Administration

United States Department of Agriculture

August 1940

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THE NATIONAL FARM PROGRAMPlanning - Research - Education - Administration

For the Purpose of:-

1. Saving and building natural resources
By positive conservation measures and adjustment of production.
(Agricultural Adjustment Administration,
Soil Conservation Service,
Forest Service)
2. Increasing farm income
By adjusting production to demand, price supporting loans,
storage from fat years to lean, crop insurance, payments,
marketing agreements, cutting costs.
(Agricultural Adjustment Administration,
Commodity Credit Corporation,
Federal Crop Insurance Corporation,
Agricultural Marketing Service,
Surplus Marketing Administration)
3. Broadening agriculture's markets
At home, through surplus purchases, stamp plan, marketing
agreements, new uses, mattress program, etc.
Abroad, through export subsidies, trade agreements, etc.
(Surplus Marketing Administration,
Federal Surplus Commodities Corporation)
4. Rehabilitating agriculture's underprivileged
Tenant purchase and related programs.
(Farm Security Administration)
5. Extending benefits of electricity to farms
(Rural Electrification Administration)
6. Modernizing and humanizing rural credit
(Farm Credit Administration,
Farm Security Administration,
Rural Electrification Administration)

All Carried Out Through
Committees or Farm Groups Cooperating With:-

Agencies of the United States Department of Agriculture
Extension Services
Land Grant Colleges
Experiment Stations
Vocational Agriculture Teachers
Farm Organizations

AGRICULTURAL ADJUSTMENT ADMINISTRATION

The Agricultural Adjustment Administration helps farmers to:

Shift surplus acres to conserving grasses and legumes and build up the soil.

Maintain farm income by:

- (1) Acreage allotments in line with markets.
- (2) Conservation payments to help pay cost of soil building.
- (3) Parity payments to help bridge gap between market price and parity price.
- (4) Crop loans to tide over low price periods.
- (5) Crop insurance to guarantee the wheat farmer a crop to sell every year.

Maintain the Ever Normal Granary to help stabilize supplies and income, and to furnish consumers abundance at reasonable prices, good years and bad.

Six Million Farmers Cooperate.

More than 6 million of the nearly 7 million farms in the United States are cooperating in the AAA program. Eighty-two percent of the Nation's cropland is covered. The program is administered locally by about 73,000 elected county and community committeemen, with an additional 60,000 alternates. More than 38,000 of these county and community committeemen and about 25,000 alternates serve in the North Central Region.

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FARM SECURITY ADMINISTRATION

The purpose of the Farm Security programs is to enable low-income farm families on or near relief to become permanently self-supporting.

Rehabilitation Loans.

(1) Rehabilitation loans provide for the purchase of necessary equipment, seed, feed and livestock. These loans are repayable in from 2 to 5 years and draw 3 percent interest. Advice and guidance on farm and home management and family record-keeping always accompany these loans and increased production of food for home consumption is stressed. Since 1935, rehabilitation loans totaling \$474,912,850 have been made to 828,914 farm families. As of December, 1939, FSA borrowers had increased their net income by an average of 43 percent and their net worth by 26 percent. They had increased the production of food for home consumption so that the average family canned 242 quarts of fruits and vegetables, produced 448 gallons of milk and twenty tons of forage for their livestock.

Emergency Loans, Grants.

(2) Emergency loans and direct grants in cases of extreme distress, such as those caused by drought and flood, enabled distressed families to save their crop and to exist until a new crop can be harvested. The grant program has helped 549,641 families.

Debt Adjustment.

(3) Debt adjustment services through the cooperation of voluntary local committees have enabled 124,715 destitute farm families to adjust their debts by 23 percent or a total of \$91,087,018. It is estimated that this has resulted in the payment of back taxes to local governments totaling \$5,074,981.

Cooperative Loans.

(4) Loans to groups of low-income farmers for the cooperative purchase or rental of necessary community services, such as heavy machinery and purebred sires, which no one of them could afford alone, have enabled 300,000 farmers to participate in 14,000 small co-ops.

Tenant Purchase Loans.

(5) Tenant-purchase loans to tenants, sharecroppers, or farm laborers enable them to purchase and improve a family-type farm of their own. More than 13,600 families have received loans and have bought and improved farms. Tenant-purchase loans are for a 40-year period and draw 3 percent interest.

(6) Completion of 164 homestead projects has provided opportunity for low-income families to live under improved conditions.

Migratory Workers.

(7) Establishment and maintenance of camps for migratory agricultural workers has provided improved sanitation and better living conditions. The completed program this year will include 37 stationary and 16 mobile camps in seven states - California, Oregon, Washington, Idaho, Arizona, Texas, and Florida - providing facilities for 12,509 families at any one time.

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RURAL ELECTRIFICATION ADMINISTRATION

The broad objective of the Rural Electrification Administration is to make low cost electric service widely available in areas hitherto unserved and to encourage the use of electricity in quantities great enough to effect a real improvement in farm life.

Between the inauguration of its program in May 1935 and the close of the fiscal year 1940, REA had allotted approximately \$270,000,000 to 691 organizations of which 617 are farmers' cooperatives. These allotments provide for more than 250,000 miles of distribution lines which, when fully developed, will serve 850,000 farm families and other rural users. By June 30, 1940, 626 REA-financed systems were already in operation with nearly 600,000 users actually connected. The steady progress of Federally-financed rural electrification has stimulated private utility companies to expand their rural service since 1935 at an unprecedented rate, with the result that whereas only about 10% of American farms had central station service at the beginning of 1935, the ratio today exceeds 25%.

Soundly Planned, Constructed

REA recognizes that if the systems it finances are to make their intended contribution to the betterment of rural life and if they are to be self-liquidating as the Congress has indicated, they must be soundly planned, constructed and operated. REA, therefore, provides continuing service in a variety of engineering, accounting, maintenance, operation and load-building problems, and strives constantly to strengthen the predominantly cooperative character of the program. In this way, it emphasizes the sharing of responsibilities and benefits alike and contributes to the revitalization of local democracy.

As of July 26, 1940, there were 291 REA-financed systems in operation in the North Central Region, divided by States as follows: Illinois, 27; Indiana, 42; Iowa, 49; Michigan, 13; Minnesota, 40; Missouri, 33; Ohio, 26; Nebraska, 28; South Dakota, 5; Wisconsin, 28.

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SURPLUS MARKETING ADMINISTRATION

Surplus distribution programs are designed primarily to widen the market for farm commodities and to help remove surpluses which depress farmers' prices.

These programs are of three general types: domestic distribution, export, and new use and diversion.

Domestic Programs

Domestic distribution programs provide new markets among low-income groups who cannot afford to buy adequate supplies of farm products. They include: (1) The Food Stamp Plan and the Cotton Stamp Plan, under which surplus farm commodities are made available to relief families through their regular retail stores; (2) Low-cost milk programs operated in connection with milk marketing agreements which provide milk to low-income families at a special low price; and (3) Purchase of surpluses for direct distribution through State welfare agencies to eligible relief families and for use in providing free school lunches for under-nourished children.

Food Stamp Plan

The Food Stamp Plan, which was started in May 1939, is expected to operate in more than 150 areas during the 1940-41 fiscal year. On the basis of operation in 150 areas, it is estimated that it will provide United States farmers with new markets during the year for around 53 million pounds of butter, 59 million dozen eggs, 180 million pounds of pork products, and comparable outlets for fruits, vegetables and other crops which will be on the official surplus list.

The Stamp Plan is now in effect in the following 28 cities and areas in the North Central Region:

Illinois: Springfield, Peoria and the Tri-City area composed of Rock Island, South Rock Island, Moline, South Moline and Hampton Townships in Illinois and Davenport, Iowa; Indiana: Fort Wayne; Iowa: Des Moines, Sioux City, Cedar Rapids, Davenport and Council Bluffs; Michigan: Detroit and Grand Rapids; Minnesota: St. Paul, Minneapolis and Duluth; Missouri: Springfield; Ohio: Dayton, Akron, Cincinnati and an area composed of Athens and Marietta; Nebraska: Omaha, Lincoln and a northeastern Nebraska area composed of Madison, Nance, Wayne, Platte, Pierce, Stanton, Knox and Boone counties; South Dakota: Sioux Falls, Rapid City, Huron, Aberdeen and Watertown; Wisconsin: Madison and Kenosha.

Direct Distribution

Nearly 3 million underprivileged children in 35,000 schools, in all of the 48 States, got free school lunches made up largely of the surplus commodities.

During the fiscal year 1939-40, a total of more than three billion pounds of surplus foods was purchased for distribution to an average of 11 million persons each month under the direct distribution program.

A valuable means of improving dairymen's incomes has been the Ever Normal Granary for butter, carried on since 1937 by the Dairy Products Marketing Association. The DPMA makes purchases of surplus butter, stores the supply, and releases it in commercial channels as the market is prepared to absorb it.

Exports, New Uses

Export programs, which have been in effect for wheat and cotton, and more recently corn, seek to hold a fair share of the world markets for United States producers. New use and diversion programs are aimed at finding new outlets for surplus commodities.

Marketing Agreements

Marketing agreement programs make it possible for producers to co-operate with each other and with the Government in securing greater stability for the marketing of their products. At the end of the 1939-40 fiscal year, approximately 1,300,000 producers of milk, dairy products and fruits

and vegetables were benefitting directly by the operation of the programs of more than 40 different marketing agreement programs.

Marketing agreements assist those producers who are not so directly affected by production adjustment provisions of the AAA. Dairy marketing agreements provide minimum prices which must be paid to producers for the various classes of milk. The fruit and vegetable agreements may provide grade and size standards, or prorates in line with market demands, as stabilizing protections for the producers of the crop concerned.

In North Central Region

In the North Central Region, marketing agreements aid the producers of fluid milk supplies for most of the larger cities, including Chicago, St. Louis, Kansas City, Minneapolis and St. Paul, Omaha, Sioux City and Lincoln. The national marketing agreement for evaporated milk serves all producers supplying milk to evaporating plants, who are concentrated chiefly in the North Central States. The national marketing agreement for dry skim milk also aids North Central Region dairymen.

Marketing agreement programs are put into effect only with the approval of the producers concerned. At least two-thirds of the producers, by number or by volume, who vote in the required referenda must cast their ballots in favor of the proposed program before it can be put into operation.

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SOIL CONSERVATION SERVICE

The Soil Conservation Service has helped nearly 100,000 farmers to improve their farms by furnishing assistance and advice with soil conservation problems. Its operations cover about 22 million acres of privately-owned land.

Control of Soil Erosion

One of the chief aims of the Service is to help the greatest possible number of farmers establish well-rounded programs for control of erosion and conservation of rainfall. This work is done largely in soil conservation districts organized by farmers under State law, in watershed areas selected for demonstration purposes, and in the work areas of CCC erosion-control camps.

On August 1, 1940, the Service was working with 238 districts in 28 States, carrying forward 180 watershed demonstration projects, and supervising the field operations of more than 350 CCC camps.

Purchase and Development of Submarginal Lands

In farm and range areas scattered over the country, the Soil Conservation Service, as the purchasing agency for the Department of Agriculture,

buys lands that are unsuited for profitable cultivation and develops them for grazing, forestry, or wildlife conservation--often with the assistance of WPA funds and labor. So far, purchases of submarginal land have aggregated more than 9 million acres. Development has been completed on about 3 million acres.

Development of Small Water Facilities

In arid and semi-arid sections of the 17 western States, including Nebraska and South Dakota, the Soil Conservation Service is collaborating with other agencies of the Department to aid farmers by making more water available for livestock and crops. It is assisting farmers and ranchers to construct or install stock ponds, windmills, dams, or small water distribution systems and to develop conservation plans of farm or range management. The Service has given aid under this Water Facilities Program to nearly 2,500 families representing approximately 1,500,000 acres of land.

Other Activities

Other Soil Conservation Service activities include farm woodland management demonstrations; flood control research in 179 watersheds; a farm-by-farm, field-by-field land use survey of the country; drainage work on more than 3,600 farms; and roadside erosion control work in more than 600 localities.

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FARM CREDIT ADMINISTRATION

The farm credit system is represented by local associations of farmers in virtually every agricultural county in the United States, served by the Farm Credit Administration.

Since the Farm Credit Administration was organized in 1933, the various local and district units have loaned \$6,283,243,549. The amount of credit outstanding on June 30, 1940, was \$3,059,966,620.

The Farm Credit Administration makes available to farmers two major types of credit: (1) Long-term farm mortgage credit, through national farm loan associations; and (2) short-term credit for crop and livestock production, through production credit associations.

Long-Term Credit

National farm loan associations are local organizations, each of which has a borrower-elected board of directors, and an employed secretary-treasurer. Operation is supervised by the Federal land bank of the district.

Federal land bank loans are made only on first mortgage security. The associations also act as agents in making Land Bank Commissioner Loans, which are made on second as well as first mortgages. For a period of 2 years ending June 30, 1942, the interest rate on both loans is temporarily reduced to 3-1/2 percent a year. Both loans are made for long periods of from 20 to 30-odd years.

In most localities the number of farmers utilizing long-term mortgage loans through the Farm Credit Administration has more than doubled since 1933. Most of the increase does not represent increased borrowing; but the refinancing of old debts. Many farmers who had short-term mortgages and found themselves hard pressed during the depression refinanced their loans through the Federal land banks in 1933-35, obtaining longer terms and lower interest rates.

Results of Program

Refinancing of farm debts on more favorable terms has had two outstanding results. Total farm foreclosures dropped from the all-time high of 38.8 per thousand farms in 1933 to 13.4 per thousand in 1939. Because of the competitive effect of the Federal land banks, lending at lower than average rates, the interest charges on farm mortgages in general have declined.

Although most land bank and Commissioner loans are made for the purpose of refinancing, more than 18,000 farm families obtained credit from the land banks and Commissioner to assist in financing the purchase of farms last year.

Short-Term Loans

Short-term credit for crop and livestock production is more extensively used than farm mortgage credit, although usually in smaller amounts. Since 1933 the 528 production credit associations have taken an important place in the short-term credit field and are currently providing a much larger amount of financing than any other institutions under supervision of the Farm Credit Administration. Total loans made aggregate more than \$1,600,000,000. Loans from production credit associations are usually made for periods of 3 to 12 months, with an interest rate at present of 4-1/2 percent.

Also included under supervision of the Farm Credit Administration are the banks for cooperatives, which supply a substantial part of the credit needed by farmer co-ops in the United States; the emergency crop and feed loan offices, and the Federal credit unions.

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